

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

BSM3804-STRATEGIC MANAGEMENT

(Distance Education)

2 MARCH 2016
9.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTION TO STUDENT

1. This question paper consists of four (4) pages including the cover page.
2. There are four (4) questions in **SECTION A** and two (2) questions in **SECTION B**.
The distribution of the marks for each question is given.
3. Answer ALL questions and write your answers in the *Answer Booklet*.

SECTION A: CASE STUDY (80 MARKS)

Instruction: Read the case carefully and answer ALL four (4) questions at the end of the case. Your answers should not be limited to the content of the case.

Restructuring Enters New Phase with Emirates Tie-up

KUALA LUMPUR -- After trimming a third of its workforce and slashing unprofitable routes, a newly incorporated Malaysia Airlines is entering the next phase of its restructuring with a code-sharing partnership, new offerings and more efficient operations.

Christoph Mueller, the flag carrier's chief executive, has clinched a code-sharing deal with Emirates covering the Dubai-based airline's 91 long-haul destinations. The Malaysian carrier will start selling tickets from Feb. 1 to the 15 Americans, 38 European and 38 African, Indian Ocean and Middle Eastern destinations served by Emirates via Dubai. In return, Emirates, the world's largest carrier by seat capacity, will gain access to Malaysia Airlines' Asia-Pacific network, which has more than 300 departures daily. This arrangement will be particularly advantageous for the Middle Eastern carrier in Southeast Asia, where many airports, including several in Cambodia and Indonesia, do not accommodate wide-body aircraft.

The start of the ASEAN Economic Community next month could make the deal even sweeter for Emirates. The Association of Southeast Asian Nations is seeking to create an integrated market for production and services by lowering trade barriers, including in the aviation sector, across the region.

Thorough overhaul

The new partnership is part of the 6 billion ringgit (\$1.4 billion) comprehensive restructuring Malaysia Airlines is undergoing following the loss of two Boeing 777s in 2014 in incidents that claimed a total of 537 lives. The shake-up is progressing at "a steady and sustained pace on multiple fronts," the airline's sole shareholder, state fund Khazanah Nasional, said in a recent quarterly update.

Under Mueller, a German businessman known for turning around Ireland's Aer Lingus, the carrier managed to cut the total workforce from 20,000 to 13,000. About 30% of unprofitable long haul routes connecting Europe and Australia have been axed as well, allowing Malaysia Airlines to focus on short-haul routes and destinations closer to home. It has also stopped trying to compete with budget carriers by selling heavily discounted airfares.

"The tie-up with Emirates will help to sustain and nurture whatever is left of Malaysia Airlines' network," said Raymond Yap, an analyst with CIMB Research. Piggybacking on the Emirates brand also provides a "seal of approval" that will help repair the Malaysian carrier's damaged image, he added.

The code-sharing arrangement promises significant global expansion for Malaysia Airlines, as well as an influx of customers for its domestic and regional routes from the 91 Emirate destinations.

Malaysia Airlines is also beefing up its network connectivity and customer services by opening seven new crew bases in secondary cities across the country. Having pilots and cabin crew based permanently in cities, including Johor Baru, Penang and Kota Kinabalu, should help the carrier save on staff travelling costs and maximize the use of aircraft by plying routes between other smaller cities.

Baggage handling and other operations at Kuala Lumpur International Airport, the country's main gateway, will be integrated in the main terminal to enable quicker connections for passengers from Southeast Asia between international and domestic flights.

Continued ...

Malaysia Airlines has also introduced a premium business class, featuring fully reclining seats, targeted at affluent travellers. By next fall, all of its A330-300 aircraft will be equipped with these seats, as well as on-board Wi-Fi and revamped meal options.

"We still have a long way to go, but existing and new partners believe in our success and Malaysia Airlines has been set on a path towards reclaiming its position as one of the world's leading airlines," Mueller said in a company update.

These improvements have been possible due in part to the absence of strong worker unions, which were blamed for derailing past recovery plans. Under the current turnaround plan, unions have been replaced by a work council, which are represented by two staff members elected from different departments. The council is tasked with facilitating communication between management and employees to "change the structure of the airline fundamentally from the inside out."

Even so, Malaysia Airlines said it still has a long way to go to achieve sustainable long-term growth, with the biggest challenges being maintaining a positive cash flow and finding the right talent. The company aims to return to the black by the end of 2017.

Source: Tan, C.K. and Choo, C.Y. (2015, December 12). Restructuring enters new phase with Emirates tie-up. *Nikkei Asian Review*. Retrieved December 12, 2015, from <http://asia.nikkei.com/Business/Companies/Restructuring-enters-new-phase-with-Emirates-tie-up?page=2>

Question 1

Develop a suitable Vision Statement and Mission Statement for Malaysia Airlines.

(10 marks)

Question 2

List out and explain any five (5) Strengths and Weaknesses of Malaysia Airlines. Prepare an IFE Matrix for the company and discuss the findings.

(25 marks)

Question 3

List out and explain any five (5) Opportunities and Threats of Malaysia Airlines. Prepare an EFE Matrix for the company and discuss the findings.

(25 marks)

Question 4

Describe in detail any two (2) strategies that can be implemented by Malaysia Airlines, and include a specific example of each.

(20 Marks)

Continued ...

SECTION B: ESSAY QUESTIONS (20 MARKS)

Instruction: There are two (2) essay questions. Answer ALL questions

Question 5

Discuss at least five (5) potential advantages to initiating, continuing, and/or expanding international operations. (10 marks)

Question 6

Explain the following terms and include an example of each: (10 Marks)

- a. Business ethics
- b. Social responsibility
- c. Sustainability
- d. Whistle-blowing

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